Royal Sundaram
General Insurance

ANTI MONEY LAUNDERING POLICY

Policy coverage:
This policy deals with how Royal Sundaram establishes and maintains a framework for identifying, managing and mitigating the risk relating to money laundering.

The Policy Requires:
- The appointment of a Principal Compliance Officer under AML rules;
- To establish and maintain internal policies, procedures and controls to mitigate the risk relating to Money Laundering;
- Screening mechanism during recruitment and training of employees/agents;
- Internal Control/Audit;
- Random examination of sample transactions by the Compliance function.
- Reporting obligations.

Local Laws and regulation:
The **Prevention of Money Laundering Act, 2002** brought into force with effect from 1st July 2005, is applicable to all financial institutions, which includes insurance. Establishment of anti-money laundering programs by financial institutions is one of the central recommendations of the Financial Action Task Force and also forms part of the Insurance Core Principles of the International Association of Insurance Supervisors. Accordingly IRDA has put in place regulatory guidelines/instructions to the Insurers, Agents and Corporate Agents as part of the Anti-Money laundering Programme for the Insurance sector. The Master Guidelines on Anti-Money Laundering/ Counter Financing of Terrorism (AML/CFT), 2022 was notified by IRDAI on 1st August 2022 to be effective from 1st January 2023.

Insurers offer a variety of products aimed at transferring the financial risk of a certain event from the insured to the insurer. These products include non- life insurance contracts, and health insurance contracts. These products are offered to the public through trained agents of the insurance companies and also through a number of alternate distribution channels like direct marketing, bancassurance, insurance brokers, web aggregators, motor insurance service providers, point of sale persons, insurance marketing firms etc. The guidelines are therefore of importance to the agents and corporate agents also, to the extent indicated in the guidelines.

The obligation to establish an anti-money laundering program applies to an insurance company. The responsibility for guarding against insurance products being used to launder unlawfully derived funds or to finance terrorist acts, lies on the insurance company, which develops and bears the risks of its products. This document is intended to lay down the procedures to facilitate identification of customers and suspicious transactions, control money laundering, combating financing of terrorism and careful scrutiny/ monitoring of large value of cash transactions.

Key Principles
The key elements of Royal Sundaram's Anti-Money Laundering policy are:
- Know Your Customer (KYC)
- Enhanced Due Diligence for High Risk customers and Simplified Due Diligence for Low Risk customers.
- Goods and Service Tax Network.
- Training and awareness
- Internal and External reporting procedures
- Management information
- Record keeping

1.1 Objectives

The objective of the Anti-Money Laundering (AML) Policy is to reduce the risks associated with the Company being used to launder money by:

- Ensuring that a risk-based, consistent and proportionate approach to money laundering prevention, detection and reporting is adopted across the Company.

- Ensuring that Royal Sundaram is compliant with relevant legal and regulatory requirements with respect to money laundering prevention and detection.

1.2 Risk Appetite

Royal Sundaram seeks to minimize the risk of money laundering occurring and avoiding any damage to its reputation that could result from its products being used by criminals, by putting in place robust systems and controls. Simplified Due Diligence / Enhanced Due Diligence will also be carried out as mandated by IRDAI.

1.3 Scope

This policy is applicable to all Royal Sundaram operations and is subject to local legislation and regulatory requirements.

1.4 Definitions

Money Laundering

Money laundering is moving illegally acquired cash through financial systems so that it appears to be legally acquired.

There are three common stages of money laundering as detailed below which are resorted to by the launderers and insurance institutions which may unwittingly get exposed to a potential criminal activity while undertaking normal business transactions.

- Placement - the physical disposal of cash proceeds derived from illegal activity;
- Layering - separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail and provide anonymity; and
- Integration – creating the impression of apparent legitimacy to criminally derived wealth

If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be normal business funds.

Royal Sundaram is therefore placed with a statutory duty to make a disclosure to the authorized officer when knowing or suspecting that any property, in whole or in part, directly or indirectly, representing the proceeds of drug trafficking or of a predicated offence, or was or is intended to be used in that connection is passing through the institution. Such disclosures are protected by the law, enabling the person with information to be able to disclose the same without any fear. Royal Sundaram likewise need not fear breaching their duty of confidentiality owed to their customers.

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2.0 Policy Requirements

Roles and Responsibilities

The Principal Compliance Officer is the designated individual to discharge the statutory responsibility to detect possible attempts of money laundering or financing of terrorism.

The Compliance officer will have managerial responsibility for developing and ensuring that this Policy is operated effectively throughout the organization.

Principal Compliance Officer for AML guidelines should be at Senior Level and will act independently and report to senior management.

Principal Compliance Officer for AML guidelines and staff assisting him in execution of AML guidelines will have timely access to customer identification data, other KYC information and records

2.1 Know Your Customer (KYC) Guidelines

Methods for KYC process:

Royal Sundaram may perform KYC process by any of the following methods:

- *Aadhaar based KYC through Online Authentication subject to notification by the Government under section 11A of PMLA* ***OR***
- *Aadhaar based KYC through offline verification* ***OR***
- *Digital KYC as per PML Rules* ***OR***
- *Video Based Identification Process (VBIP) as consent based alternate method of establishing the customers identity, for customer* ***OR***
- *By using "KYC identifier" allotted to the client by the Central KYC Records Registry (CKYCR)* ***OR***
- *By using Officially Valid documents like Passport, PAN card, Proof of possession of Aadhaar number, Driving license, Voter's Identity Card issued by Election Commission of India, Job card issued by NREGA, Letter issued by the National Population Register etc* ***AND***
- *PAN/Form 60 (wherever applicable) and any other documents as may be required by the insurer*

Risk Categorization*:*

High Risk Customers: Customers who are non-residents, high net work individuals, trusts, charities, NGO's and Organizations receiving donations, companies having close family shareholding or beneficial ownership, firms with sleeping partners, politically exposed persons (PEPs), enquiries received from enforcement agencies/FIU and those with dubious reputation as per available public information who need **enhanced due diligence**.

Low Risk Customers: Customers who do not fall under the definition of High Risk customers stated above. These are individuals and entities whose identities and source of wealth can be easily identified and transactions in whose policies by and large conform to the known profile may be categorized as low risk. Illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society, government departments and government owned companies, regulators and statutory bodies. These customers require **simplified due diligence**.

Customer Due Diligence:

- **Enhanced Due Diligence (EDD)** : Enhanced Due Diligence shall be conducted for high risk categories of clients. Royal Sundaram should examine, as far as reasonably possible, the background and purpose of all complex, unusual patterns of transactions, which have no apparent economic or lawful purpose. Where the risks of money laundering or terrorist financing are higher, Royal Sundaram should be required to conduct enhanced due diligence measures, consistent with the risks identified. This means, apart from collection of the KYC documents, Royal Sundaram to examine the ownership and financial position, including client's source of funds commensurate with the assessed risk of customer and product profile.
- **"Simplified Due Diligence (SDD)"** - Simplified measures are to be applied by Royal Sundaram in case of individual policies, where the aggregate insurance premium is not more than Rs 10000/ - per annum and only for low risk category clients. In case of SDD, collection of Identity proof and address proof is sufficient. However, SDD is not acceptable for cases where there is suspicion of Money Laundering or Terrorism Financing.

Application:

- KYC norms to be done/collected **at inception, at the proposal stage** for all lines of business and for all transactions. Proof of Identity and proof of address to be collected and verified, in line with the "Officially Valid Documents".
- PAN or **Form 60 is mandatory** for all transactions.
- Where the client is an Individual, any one of the following 'officially valid documents' to be verified and copy obtained to comply with KYC norms - PAN Card, Passport copy, Driving License,Voters' identity, Job card issued by NREGA duly signed by an officer of the State Government, National Population Register letter, Proof of possession of Aadhaar, E-KYC Authentication, offline verification of Aadhaar. For proof of residence, Passport copy, Driving License,Voters' identity, Job card issued by NREGA duly signed by an officer of the State Government, National Population Register letter, Proof of possession of Aadhaar, Utility bill (electricity bill, rationcard, telephone bill pertaining to any kind of telephone connection like mobile, landline, wireless etc., provided it is not older than 6 months from the date of insurance contract), Property/Municipal Tax Receipt/ Pension Payment Orders (PPOs), Letter of allotment of accommodation can be considered asproof of residence. In case of corporates, PAN, PAN allotment letter, memorandum and articles of association, certificate of incorporation, Power of Attorney copy, copy ofthe Board resolution etc can be collected.
- In case the officially valid document presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address. Obtaining a certified copy of 'officially valid document' shall mean comparing the copy of officially valid document so produced by the client with the original and recording the same on the copy by the authorized officer of the Company in a manner prescribed by the Regulator.
- Where the client is a company, efforts to be made to collect the certified copies of the following documents, namely:- (i) certificate of incorporation; (ii) Memorandum and Articles of Association; (iii) Permanent Account Number of the company; (iv) a resolution from the Board of Directors and power of attorney granted to its managers, officers or employees, as the case may be, to transact on its behalf; (v) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account

Numbers or Form No.60 of the managers, officers or employees or beneficial owners, as the case may be, holding an attorney to transact on the company's behalf.

- Where the client is a partnership firm, efforts to be made to collect the certified copies of the following documents, namely:-(i) registration certificate; (ii) partnership deed; (iii) Permanent Account Number of the partnership firm; and (iv) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf or beneficial owners.
- Where the client is a trust, efforts to be made to collect the certified copies of the following documents, namely: (i) registration certificate; (ii) trust deed; (iii) Permanent Account Number or Form No.60 of the trust; and (iv) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf or beneficial owners.
- Where the client is an unincorporated association or a body of individuals, efforts to be made to collect the certified copies of the following documents, namely:-(i) resolution of the managing body of such association or body of individuals; (ii) Permanent account number or Form No.60 of the unincorporated association or a body of individuals; (iii) power of attorney granted to him to transact on its behalf; (iv) one copy of an officially valid document containing details of his identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf or beneficial owners; and (v) such information as may be required by the Company to collectivelyestablish the existence of such association or body of individuals.

- **Verification at the time of pay-out/claim stage (redemption/surrender/ partial withdrawal/ maturity/ death/ refunds/reimbursement etc.)**
    - No payments should be allowed to third parties except as provided in the contract. In case of death benefits, payments to be made to the beneficiaries/ legal heirs/assignees as applicable.
    - Necessary due diligence should be carried out of the policyholders / beneficiaries/ legal heirs/ assignees before making the pay-outs.
    - Free look cancellations need particular attention of the Insurer especially in cases of client indulging in free look cancellation on more than one occasion at short intervals frequently.

- While carrying out the KYC norms, special care has to be exercised to ensure that the contracts are not anonymous or under fictitious names.
- The Identity documents collected should cover Address proof, Signature Proof and Photo Identity.
- Separate Photographs of Individual clients to be collected in addition to the Identity proofs.
- No further documentation is necessary for proof of residence where the document of identity also gives proof of residence.
- Any document that is accepted by Royal Sundaram should be such that it would satisfy regulatory/enforcement authorities.
- Any change in the customers' recorded profile which is inconsistent with the normal and expected activity of the customer should attract the attention for further ongoing KYC processes and action as considered necessary.
- As far as possible acceptance of premium by cash should be avoided. Remittances of premium by cash exceeding Rs.50,000/- will not be generally accepted.
- Acceptance of Premium/proposal deposits beyond Rs.50,000/- will be only through cheques, demand drafts, credit card or any other banking channels.
- Acceptance of Premium/proposal deposits beyond Rs. 50,000/- per transaction by cash, would be accepted only if the PAN details of the customer is obtained and subsequently

approved by Corporate Finance. This would be on a case to case basis and it is imperative to obtain the PAN details of the person/entity funding the premium/proposal deposit on an insurance policy.

- From the perspective of AML/CFT guidelines, it becomes imperative to obtain the details of PAN of the person/entity funding the premium/proposal deposit on an insurance policy.
- In case where payments (claim payout/refund above 1 lac) are made to third party service providers such as hospitals/garages/repairers etc., the KYC norms shall apply on the customers on whose behalf service providers act.
- Under all kinds of Group Insurance, KYC of Master Policyholders / Juridical Person / Legal Entity and the respective Beneficial Owners (BO) shall be collected. However, the Master Policyholders under the group insurance shall maintain the details of all the individual members covered, which shall also be made available to the insurer as and when required.
- In case of non- availability of KYC of the existing clients as per the extant PML Rules, efforts to be made to collect the same within 2 years for low risk customers and within 1 year for other customers (including high risk customers).
- For integrally related transactions, premium amount greater than Rs.50,000/- in a calendar month will be examined closely for possible angles of money laundering. This limit will apply at an aggregate level considering all the roles of a single person-as a proposer or life assured or assignee.
- Proposals for contracts with high-risk customers to be concluded after approval of senior management officials. It is however, emphasized that proposals of Politically Exposed Persons (PEPs) in particular requires approval of senior management, not below Head (underwriting) /Chief Risk Officer level.
- Special attention should be paid to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose and transactions. Also, all documents/office records/ memorandums pertaining to such transactions should be examined by the Principal Compliance officer for recording his findings. These records are required to be preserved for ten years.
- While adhering to the KYC norms to establish the identity of the customers, insurance companies will have to identify the beneficial owner and take all reasonable measures to verify his/her identity to its satisfaction.
- Where the client is dealing through an authorized representative, verification of identity of such authorized representatives is required to be carried out in addition to that of the client.
- Insurance premium paid by persons other that the person insured should be looked in to establish insurable interest.
- Care has to be exercised to avoid unwitting involvement in insuring assets bought out of illegal funds. It is imperative to ensure that the insurance being purchased is reasonable, especially in products other than motor insurance that are mandated by law. Accordingly, customer's source of funds, his estimated net worth etc., could be documented where considered necessary. Proposal form may also have questionnaires/declarations on sources of fund. Royal Sundaram should take appropriate measures, commensurate with the assessed risk of customer and product profile as part of their due diligence measures which may include:
- Conducting independent enquiries on the details collected on /provided by the customer where required.
- Consulting a credible database public or other etc.
- Relevant records and details must be maintained in such a way that it enables verification at a later date and support the fact of having established sources of funds involved in the insurance contract.
- At any point in time during the contract period, where an insurance company is no longer satisfied that it knows the true identity of the customer, an STR should be filed with FIU-IND.

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- Any proposal or business from any Banned Entities (the list will be circulated by Compliance from time to time) as defined by the Security Council Committee should be reported to the Principal Compliance Officer immediately.
- Free look cancellations needs particular attention especially in client/ agents indulging in free look surrender on more than one occasion.
- AML checks become more important in case the policy has been assigned by the policyholder to a third party not related to him (except where the assignment is to Banks/FIs/Capital Market Intermediaries regulated by IRDA/RBI/SEBI).
- Detailed due diligence to be exercised while taking insurance risk exposure to individuals/entities connected with countries which do not or insufficiently apply the FATF (Financial Action Task Force) recommendations. (The list of countries which do not or insufficiently apply the FATF recommendations will be circulated by Compliance from time to time).
- Apart from using the information being circulated through FATF public statements, we should also consider the publicly available information when identifying countries which do not or insufficiently apply FATF Recommendations.
- Detailed due diligence to be exercised while taking insurance risk exposure to countries considered as high risk from terrorist financing or money laundering perspective based on prior experiences, transaction history or other factors (e.g., legal considerations, or allegations of official corruption).
- Detailed due diligence to be exercised with regard to all arrangements from a Goods and Service Tax Network perspective too.

Sharing KYC information with Central KYC Registry (CKYCR):

- Where a customer submits a “KYC identifier” for KYC - The Company shall retrieve the KYC records from CKYCR. In such case, the customer shall not submit the KYC records unless there is a change in the KYC information required by Company as per Rule 9(1C) of PML Rules.
- Where KYC identifier is not submitted by customer- The Company shall search (with certain credentials) for the same on CKYCR portal and record the KYC identifier of the client/ customer, if available.
- If the KYC identifier is not submitted by the customer and also not available in the CKYCR portal based on search in the CKYCR portal - The Company shall collect KYC and capture the KYC information in the prescribed KYC Template meant for Individuals or Legal Entities, as the case may be and upload the KYC documents in the CKYCR portal. Insurers shall file the electronic copy of the client‟s KYC records with CKYCR within 10 days after the commencement of account based relationship with a client/ Customer (both Individual/ Legal Entities). Once “KYC Identifier” is generated/ allotted by CKYCR, the Insurers shall ensure that the same is communicated immediately to the respective policyholder in a confidential manner, mentioning its advantage/ use to the individual/legal entity, as the case may be

2.2 Risk Assessment and Standard Operating Process:

The AML/CFT requirements focus on the vulnerability of the products offered by the insurers to any of the process of money laundering. Royal Sundaram shall carry out risk assessment of various products before deciding on the extent of due diligence measures to be applied in each case.

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A standard operating procedure to be developed in line with the Master Guidelines on Anti-Money Laundering/ Counter Financing of Terrorism (AML/CFT), 2022 notified by IRDAI on 1st August 2022 and as agreed with the GI Council for uniformity of approach.

2.3 Training of employees/ agents:

a. The concept of AML should be part of in-house training curriculum for agents.

b. All new employees should be trained on the general appreciation of the background to money laundering, and the subsequent need for identifying and reporting of any suspicious transactions should be provided to all new employees. Further, all sales/Advisory staff, processing staff, Administration/ Operation Managers should be trained on AML irrespective of their seniority.

c. Ongoing training: Refresher training at regular intervals to make sure that staff does not forget their responsibilities.

d. Records of training imparted to staff should be maintained.

e. Training curriculum to be specific about paying Special attention to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose, and transactions. Background Information including all documents /office records /memorandums pertaining to such transactions should be obtained from such customers.

2.4 Integration of controls with existing framework

To deliver a proportionate and risk-based control framework, this Policy recommends that AML controls are integrated as far as possible with anti-fraud and other controls, such as checks undertaken for underwriting purposes.

To maintain an updated list of designated individuals/entities as being circulated by IRDA/General Insurance Council from time to time and to run a check on the given parameters on a regular basis to verify whether designated individuals/entities are holding any insurance policies with us.

To inform full particulars of the policies, in case any matching records are identified, to the Joint Secretary (IS-I), Ministry of Home Affairs and also to the UAPA Nodal officer of IRDA (as may be notified from time to time).

To send a copy of the communication mentioned above to the UAPA Nodal Officer of IRDA & FIU-IND.

2.5 Reporting of Suspicious Transactions:
All suspicious transactions should be reported to the concerned Authority irrespective of the monetary value of the premium received. The operating offices should take efforts to educate all Agents/Dealers and other intermediaries about this requirement and ensure compliance.

“Suspicious transaction” to mean a transaction whether or not made in cash which, to a person acting in good faith:

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(a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
(b) appears to be made in circumstances of unusual or unjustified complexity; or
(c) appears to have no economic rationale or *bona fide* purpose;

Examples of Suspicious Transactions are customer insisting on anonymity, shows reluctance to provide identifying information, providing multiple demand drafts each denominated for less than Rs.50000/-, frequent free look surrenders, assignment to unrelated parties, policy taken from a place where he does not reside/employed, frequent request for change of address, etc. Refer to illustrative list of suspicious transactions as per IRDAI circular dated 12th August 2022 and any amendments thereof. (Appendix B)

It is a requirement that any suspicious transactions should be informed to FIU_IND immediately on identification. Hence such transaction should be brought to the notice of the Principal Compliance Officer immediately. When such transactions are identified post facto the contract, a statement may be submitted to FIU-IND within 7 working days of identification, in the prescribed format.

Suspicious activity monitoring program should be appropriate to the company and the products it sells. Special attention should be paid to all complex unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Background of such transactions, including all documents/office records /memorandums pertaining to such transactions, as far as possible, should be examined by the Principal Compliance Officer for recording his/her findings.

Suspicious Transaction Report should be filed with FIU-IND, in case at any point in time during the contract period, we are not satisfied with the true identity of the customer.

Directors, officers and employees (permanent and temporary) are prohibited from disclosing/tipping off the fact that a Suspicious Transactions Report or related information of a policyholder/prospect is being reported or provided to the FIU-IND

Every insurance company shall preserve all the records pertaining to reportable transactions, for a period of at least 5 years from the date of the transaction.

We are required to report integrally connected cash transactions above Rs. 10 lakhs per month from a single entity to FIU-IND by 15th of next succeeding month.

Background information including all documents /office records /memorandums pertaining to such transactions which are complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose and transactions will be, as far as possible, examined by the Principal Compliance officer for recording his findings.

Directors, officers and employees (permanent and temporary) shall be prohibited from disclosing the fact that a Suspicious Transactions Report or related information of a policyholder/prospect is being reported or provided to the FIU-IND.

Proper mechanisms to be put in place to check any kind of attempts to avoid disclosure of PAN details. In case of possible attempts to circumvent the requirements, the same shall be reviewed from the angle of suspicious activities and shall be reported to the FIU-IND, if required.

All transactions, involving receipts by non-profit organizations of value more than 10 lakhs, or its equivalent in foreign currency, should be reported to FIU-IND by 15th day of next succeeding month.

2.6 Monitoring and reporting of cash Transactions:

Remittances of premium by cash should not exceed Rs 50,000/-. It is further advised that:

a) Premium/Proposal deposits beyond Rs 50,000/- should be remitted only through cheques, demand drafts, credit card or any other banking channels.

b) Acceptance of Premium/proposal deposits beyond Rs. 50,000/- per transaction by cash, should be accepted only if the PAN details of the customer is obtained and subsequently approved by Corporate Finance. This would be on a case to case basis and it is imperative to obtain the PAN details of the person/entity funding the premium/proposal deposit on an insurance policy.

c) For integrally related transactions, premium amount greater than Rs 50,000/- in a calendar month should be examined more closely for possible angles of money laundering. This limit will apply at an aggregate level considering all the roles of a single person as a proposer or life assured or assignee.

d) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions, should be reported to FIU-IND within 7 days of identification.

e) Premium collected from various customers and remitted by intermediaries is however excluded from these reporting requirements.

f) Encourage Customers to remit the premium by way of cheque/demand draft (drawn in favor of Royal Sundaram General Insurance Co. Limited), or any other approved banking mode.

g) Discourage to the extent possible, payment of premium by cash.

2.7 Sources of Funds:

Wherever applicable, it is imperative to ensure that the insurance being purchased is reasonable. Accordingly, customer’s source of funds, his estimated net worth etc., should be documented properly and the advisor and/or employee shall obtain income proofs to establish his/her need for insurance cover. Proposal form may also have questionnaires/declarations on sources of fund, and details of bank accounts. Large Single premiums should be backed by documentation, to establish source of funds.

Relevant records and details must be maintained in such a way that it enables verification at a later date and support the fact of having established sources of funds involved in the Insurance Contract.

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2.8 Record keeping

1. Suspicious Transaction Reports and Cash Transaction Reports shall be maintained for a period of 5 years from the date of transaction between the client and Royal Sundaram.

2. All operating offices of Royal Sundaram are required to retain the records of those contracts, which have been settled by a claim, for a period of 5 years after that settlement.

3. Where the records relate to ongoing investigations, they should be retained until it is confirmed that the case has been closed.

4. In case of customer identification data obtained through the customer due diligence process, account files and business correspondence should be retained for at least 5 years after the business relationship ended.

5. Records pertaining to all other transactions also should be maintained for a minimum period of 5 years.

6. Sharing of information on customers may be permitted between different organizations such as Banks, Insurance companies, Income tax authorities, local government authorities on request.

7. Records can also be in electronic form

2.9 Responsibility on behalf of the agents and corporate agents:

The AML places the responsibility for robust AML program on the insurers. It is essential to take the following steps as regards agents:

a. A list of rules and regulations covering performance of agents and corporate agents should be put in place. A clause may be added making KYC mandatory and specific process document can be included as part of the contracts.

b. Services of defaulting agents who expose us to AML related risks should be terminated and details sent to Risk and Compliance.

c. When faced with a non-compliant agent or corporate agent, should take necessary action to secure compliance including when appropriate, terminating business relationship with such an agent/Corporate agent.

3.0 Internal Audit/ Control

The internal auditors would be advised to verify on a regular basis the compliance with policies, procedures and controls relating to money laundering activities. Hence audit trail of KYC, any suspicious transaction, integrally related cash transactions should be maintained. Exception Reporting under AML Policy will be done to the Audit Committee of the Board.

3.1 Document Management & Review

Approval

The Board originally approved this policy on 27th November 2006.

3.2 Variations and Dispensations

All Regions must implement the requirements set out in this policy. Variations to these requirements will only be permitted where necessitated under exceptional circumstances.

3.3 Breaches

Any breach of this policy will be considered in line with the general policy on breaches and must be reported to the Principal Compliance Officer who will place it before the Board.

Any recommended disciplinary action against staff must first be reviewed and approved by Human Resources in line with employment practices laws, policies and regulations.

3.4 Review

This policy is subject to an Annual review or whenever circumstances arise that would deem a review and possible update as appropriate.

3.5 Application

This policy is in force effective from 1.1.2007 and will be subject to changes from time to time as and when required by IRDA.

Appendix A – Responsibilities

Activity	Responsibility
Issuing and updating Company AML Policy	Risk & Compliance
Ensuring Compliance/ verification of compliance with the Policy/ procedures/controls related to money laundering activity.	Compliance/Internal Audit
Reporting to Board and FIU as required	Risk & Compliance
Maintaining a list of Regional coordinators	Risk & Compliance
Monitor and disseminate relevant information to the Regional coordinators	Risk & Compliance
Risk Management Reviews	Risk & Compliance
Disseminating relevant information and monitoring at the Regions	Functional/Channel Heads/Risk & Compliance
Providing training materials to employees	HR/Risk & Compliance
Monitoring the agent's sales practices	Agency Manager
Training to agents	Agency Manager
Training to Corporate agents/other Insurance Intermediaries	Agency Manager/Relationship Manager
KYC at the time of proposal	Business Development Manager/ Underwriter/ Finance
KYC at the time of refund	Business Development Manager/ Underwriter/ Finance
KYC at the time of Claim Payment	Claims Manager/ Finance
Reporting of Integrally related cash transaction above Rs.50000/- as well as control on non-acceptance of cash beyond Rs.50000/- per transaction	Finance Head in a Branch/Region/Corporate office
Reporting of Suspicious Transactions to Compliance Department	Agents/Operations/Underwriters/Claims team/ Finance
Record Keeping	Underwriter/ Claims Manager/Finance

Appendix B - Illustrative list of suspicious transactions

- Customer insisting on anonymity, reluctance to provide identifying information, or providing minimal, seemingly fictious information.
- Frequent free look cancellation by customers.
- Assignments to unrelated parties without valid consideration.
- Request for purchase of a policy in amount considered beyond apparent need.
- Policy from a place where he/she does not reside or is not employed.
- Frequent request for change in addresses.
- Inflated or totally fraudulent claims e.g by arson or other means causing a fraudulent claim to be made to recover part of the invested illegitimate funds.
- Refund of proposal deposit by cancelling the proposal on request of the customer.
- Media reports about a customer.
- Information sought by Enforcement agencies.
- Unusual termination of policies.